

*Bramalea
Consolidated
Developments
Limited
1967 Annual Report*



Jean Handler
and Sales mg

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Bramalea Consolidated Developments Limited

Executive Offices: 20 King Street West, Toronto, Ontario.

General Offices: 70 Bramalea Road, Bramalea, Ontario.

Divisions

Bramalea Construction (Peel)
Bramalea Shopping Centres
Land Development Division
Industrial Development Division
Residential Construction Division
Property Management Division

Associate and Subsidiary Companies

Bramalea Farms Limited
Bramalea Hotels Limited
Bramalea General Contracting (Peel) Limited
Camp Muskoka Lodge Limited
* Bramalea Guardian Limited
** Bramalea Realty Limited
** Renforth Developments Limited
*** Sarnia St Clair Construction Company
*** Southport Developments
* Equity sold subsequent to 30 November 1967
** Less than 50% equity
*** Unincorporated partnerships

Officers

Hon. J. Keiller Mackay, D.S.O., V.D., Q.C., LL.D., D.C.L., Chairman of the Board
Alan F. B. Taylor, President and Chief Executive Officer
Arthur S. Armstrong, Executive Vice-President
John W. Bennett, F.C.A., Vice-President, Finance
Murray E. Hardisty, Vice-President, Land Development Division
Ernest K. Birmann, Vice-President, Industrial Development Division
~~Arthur Zimet, Vice-President, Residential Construction Division~~
David A. Less, Vice-President, Property Management Division
Stanley A. Podkowa, B.A., Secretary
Raymond M. Coole, C.A., Treasurer.

Directors

* Arthur S. Armstrong
Ross Dunn, Q.C.
R. J. Ellery, M.Inst.T.
* Hon. J. Keiller Mackay, D.S.O., V.D., Q.C., LL.D., D.C.L.
* Emerson M. Miller
Sir Brian Mountain, Bt.
* John H. Taylor
* Alan F. B. Taylor
J. A. Thomson
* Executive Committee

Trustees for Debentures

Morgan Guaranty Trust Company of New York, New York, U.S.A.
Canada Permanent Trust Company, Toronto, Ontario.

Registrars and Transfer Agents for Stock

Morgan Guaranty Trust Company of New York, New York, U.S.A.
International Trust Company, Toronto, Ontario.

Warrant Agent

Morgan Guaranty Trust Company of New York, New York, U.S.A.

Stock Exchange Listing

Toronto Stock Exchange

Auditors

McDonald, Currie & Co., Toronto, Ontario.



Bramalea 1967



President's Report to the Shareholders—1967

The results of this year's operations show a substantial increase in both gross revenue and net income. The Company earned a profit of \$1,534,921 equivalent to \$1.61 per share in the year, being an increase of approximately 90% over the profit earned in 1966.

During the year the housing crisis in Canada, centred in Metropolitan Toronto and region, reached a point at which it was impossible for the majority of wage earners to purchase a home. Because of the high cost of land and the increasing costs of construction, down payments of at least \$6,000 were required for the purchase of a home financed under the National Housing Act in the Metropolitan Toronto area. The Ontario Government, attempting to solve this segment of the housing problem, introduced the H.O.M.E. (Home Ownership Made Easy) programme under which the Provincial Government, through the Ontario Housing Corporation, will purchase housing lots and lease them to home buyers on a 50 year lease at an annual rental of 7 1/4 % of the Government's purchase price plus expenses. In this way the capital cost of the land is removed from the house and land package, thereby reducing the required down payment.

In July of 1967, the Company agreed to sell 1,666 serviced housing lots in Bramalea, made up of a mixture of 70 ft. semi-detached lots and 50 ft. and 55 ft. single family lots, to the Ontario Housing Corporation for use under the H.O.M.E. Plan for a total price of \$10.7 million. At the same time, the Company received an option to lease back 50% of these lots upon which it would be able to build houses for sale under the H.O.M.E. Programme.

The terms of the sale required that 621 of the lots be conveyed to the Ontario Housing Corporation in July 1967, and the balance of 1,045 in 1968. The 621 lots were accordingly conveyed to the Corporation and payment received in cash. The resultant profit is reflected in the Company's figures for the year under review. The Company exercised its option to lease back 311 lots which were immediately placed on the market. The response, as evidenced by considerable press and other media coverage, was outstanding. The balance of 1,045 lots was conveyed in January 1968 and the profit arising from that sale will be reflected in the Company's 1968 accounts. It should be noted that the land involved in this sale amounted to less than 8% of the Company's total land holdings in Bramalea.

125 houses, all sold under the H.O.M.E. programme, are being constructed during the winter of 1967/68 for occupancy in the early spring of 1968 and further units will be commenced in the spring for summer occupancy. It is anticipated that the first 311 units under the Plan, plus a substantial number of units to be built upon the additional 522 lots, available to the Company from the second conveyance, will be completed and sold by November 30th, 1968.

The Ontario Housing Corporation has also agreed to enter into an arrangement with the Company for the purchase of land for 5,000 units of medium density housing (occupying approximately the same acreage as the 1,666 housing lots) at a price of \$4,000.00 per unit. This proposed sale is subject inter alia to the Industrial/Commercial/Residential assessment ratio in the Bramalea area being available to sustain such residential development.

In the meantime, the sale of single family homes under Bramalea's normal house building programme has been proceeding very satisfactorily. The Company achieved a sales volume of 386 units at substantially higher prices than those in effect in 1966. A review of the house building operation completed during the year has indicated that over the past three years, the Company has had an increase in its lot costs of 33% against a National average of 38% and an increase in house construction costs of 11% against a National average of 20%.

In an effort to further reduce the cost of housing, and, at the same time to research market acceptance for various types of housing, the Company undertook the construction of 37 Town House units in Bramalea to be sold under the Condominium Legislation enacted by the Provincial Government during the year. These were the first units constructed and sold under such legislation. The units went on sale in December and were virtually sold out by the year end. It is the Company's intention to proceed with further units of the same type as soon as possible, and, at the same time, to research methods of building shelter of all types in an endeavour to increase



the availability of adequate housing and to fully develop a completely integrated community.

During the year industrial sales slowed somewhat due in part to a significant cut back in capital expenditure by industry in Canada. The sales achieved, of 26 acres, were 64% less than in 1966, but, at the same time, 453,000 square feet of industrial plant was completed during the year and added to the Municipality's assessment rolls to reduce the Company's obligations with regard to the payment to the Municipality of taxes in lieu of assessment.

Every indication is that despite a predicted continuance of Industry's conservative approach to capital expansion, and any depressive effect of the new U.S. balance of payments legislation, industrial sales in the fiscal year 1968 will exceed those in 1967. The Industrial Development Division reports very active interest by industry in Bramalea Industrial Park at the present time. In this regard, I have to report that after contributing much to the establishment of the Bramalea Industrial Park, Mr. G. W. Finley, who had served over the past several years as Vice-President, Industrial Development Division, has retired as of the 30th November, 1967. Fortunately, Mr. Finley is able to continue as a Consultant to the Company and in this capacity will undoubtedly be of great assistance to his successor.

In the Fall of 1967, having obtained the necessary building permission from the Municipality, the Company commenced construction of the first phase of Bramalea City Centre. Located at the junction of Dixie Road and Highway #7 in Bramalea, the first phase will encompass 500,000 sq. ft. of retail and office space, of which approximately 200,000 sq. ft. is already committed to major tenants.

Building permission has also been obtained for the construction of the Southgate Village Shopping Centre, being the second neighbourhood centre in Bramalea, of 40,000 sq. ft. made up of a food store, bank and other convenience facilities. Construction will commence this spring with opening scheduled for some time late in the year.

With the house building industry still troubled by the shortage of mortgages, by the continuance of the Federal building materials tax and by other inflationary pressures, particularly in the Metropolitan Toronto area, the Company has moved to further expand and diversify its operations. Major organizational changes have been effected to accomplish this.

Effective January 1st, 1968, the Company formed a Land Development Division which will manage the Bramalea land operation and, at the same time, be available to acquire and process land assemblies, large and small, for commercial, industrial and residential use elsewhere in Canada.

Bramalea General Contracting (Peel) Limited was formed to build the Steinberg's Store in the Pen Centre, the Bramalea City Centre, Southgate Village Shopping Centre, and any other major projects undertaken by the Company. At the same time, it has been given the responsibility for bidding upon those schools, within Bramalea, for which the Company is responsible, and to be available to bid on schools, hospitals and other institutional buildings anywhere in Ontario. In addition, it will be responsible, with the Industrial Development Division, for the construction of industrial buildings for sale or lease in Bramalea.

The Bramalea Property Management Division has been charged with the developing of other revenue producing properties of a commercial nature throughout the Province. Land has been acquired in Thornhill, Ontario for a 42,000 sq. ft. Shopping Centre which is already under construction by Bramalea General Contracting (Peel) Limited. Other sites for neighbourhood and regional Shopping Centres are presently under consideration.

An arrangement has been made with a major institutional lender for an ongoing partnership in the production of residential properties for investment. As a result, in May of 1967 the Company commenced a 91 unit Town House development at Jane Street, north of Finch Avenue, in the Borough of North York. This development, "York Square North", is almost completed and should be fully occupied by the spring of 1968.

In my report of February, 1967, I stated that the holders of the Company's Debentures were at that time being requested to approve and consent to a change in the Trust Indenture relative to those Debentures. Such approval and consent was given and

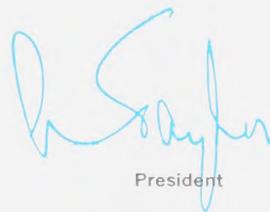
in April, 1967, the Trust Indenture was amended by Supplemental Trust Indenture so as to enable the Company to give prior security to a Bank or Banks on all its assets up to a maximum of \$8 million to secure current loans as defined and also to give to any person security ranking subsequent to the security for those Debentures. In addition, by these amendments, the Contingent Sinking Fund provisions in the Trust Indenture were eliminated and the Mandatory Sinking Fund was waived in any year in which the Company's indebtedness to banks totalled more than \$1 million on April 30th in that year.

Following such amendments to the Trust Indenture, the Company issued debentures payable to its Bankers containing such prior security in the permitted amount of \$8 million and pledged the same to be held by the Bank as security for the Company's current loans. These Debentures held by the Bank are, of course, security only for the Company's current loans outstanding at any time. On November 30th, 1967 such current loans outstanding amounted to \$4,856,844 and as at February 5th, 1968 have been reduced to \$3,165,000.

The amalgamation of Bramalea Consolidated Developments Limited, Bramalea Construction (Peel) Limited, and Bramalea Shopping Centres Limited, under the name of Bramalea Consolidated Developments Limited was effected on September 30th, 1967.

The events of the past year have again highlighted the very advantageous position in which the Company finds itself in owning in excess of 4,000 acres of land, continually increasing in value, in such close proximity to a major metropolitan centre. The activity resulting has enabled the Company to expand its operations in all fields of the real estate market and to greatly strengthen its organizational structure to take full advantage of the residential/commercial/industrial needs of the community in the years ahead.

In closing, I wish to thank all the Directors, Officers and employees of the Company, each of whom has contributed to the continued success of Bramalea Consolidated Developments Limited in a most difficult, and yet most rewarding year. The future of the Company continues to be most promising and I have the utmost confidence that the 1968 figures and those for the years following, will show continuing progress.



A handwritten signature in blue ink, appearing to read "H. Sawyer".

President

FEBRUARY, 1968

Board of Directors

Arthur S. Armstrong,
Pine Grove, Ontario, Canada

Mr. Armstrong is also a Director of the following:
Renforth Developments Limited
Urban Development Institute (Ontario Division)

Ross Dunn, Q.C.
Toronto, Ontario, Canada

Mr. Dunn is also a Director of the following
Companies:
The Algoma Steel Corporation Limited
Butterworth & Co. (Canada) Ltd. (Vice-President)
Canadian Motorways Ltd.

Richard J. Ellery, M.Inst.T.
London, England

Mr. Ellery is also a Director of the following
Companies:

Advance Contract Laundries Ltd.
Advance Laundries Ltd.
John Allen & Ford (1967) Ltd.
Archie Light (Fairwater) Ltd.
B.E.T. Federation Ltd.
B.E.T. Omnibus Services Ltd.
Camborne Water Company Ltd.
Canadian Motorways Ltd.
Capital Storage Holdings Ltd.
Devon General Omnibus & Touring Co. Ltd.
East Midland Motor Services Ltd.
Eddison Plant Ltd.
Electrical Press Ltd.
Fairwater Construction Ltd.
Initial Services Ltd.
Jamaica Omnibus Services Ltd.
Laundry Services Ltd.
London Coastal Coaches Ltd.
Magnet Bowling Ltd.
Maidstone & District Motor Services Ltd.
North Western Road Car Co. Ltd.
Omnibus Stations Ltd.
Public Transport Association Inc.
H. Richards & Co. Ltd.
Samuelson New Transport Co. Ltd.
Trent Motor Traction Co. Ltd.
Truro Water Company Ltd.

**J. Keiller Mackay, D.S.O., V.D., Q.C.,
LL.D., D.C.L.**

Toronto, Ontario, Canada
The Hon. J. Keiller Mackay is also:
Chancellor, University of Windsor
Chairman, Province of Ontario Council for the Arts
Governor, University of Toronto
Director, Canada Permanent Trust Company

Emerson M. Miller,
Toronto, Ontario, Canada

Mr. Miller is also:
Commissioner, Toronto & York Roads Commission

Sir Brian Mountain, Bt.

London, England

Sir Brian Mountain is also a Director of the following
Companies:

Air Holdings Ltd.
Ashdale Land & Property Co. Ltd. (Chairman)
Bernard Sunley Building Ltd. (President)
Bernard Sunley Investment Trust Ltd. (Chairman)
British African Properties Ltd. (Chairman)
British Caribbean Insurance Co. Ltd. (Chairman)
British Crown Assurance Corporation Ltd. (Chairman)
British Northwestern Insurance Co. (Chairman)
Covent Garden Properties Co. Ltd. (Chairman)
Covent North American Properties Ltd. (Chairman)
Eagle Star Insurance Co. Ltd. (Chairman)
Economic Insurance Co. Ltd.
Hampstead & Suburban Properties Ltd. (Chairman)
Kingsdown Stud Ltd.
L'Indépendance Compagnie D'Assurances Contre
Tous Risques
Midland Assurance Ltd.
Place Ville Marie Corporation
Racehorse Owners Association Ltd. (Member
of Council)
Sceptre Trust Ltd. (President)
Second Covent Garden Property Co. Ltd. (Chairman)
Security National Insurance Co. (Chairman)
South African Eagle Group:
South African Eagle Insurance Co. Ltd. (Chairman)
African Guarantee & Indemnity Co. Ltd. (Chairman)
Eagle Star Insurance Co. of South Africa Ltd.
(Chairman)
Eagle Star Properties (Rosebank) (Pty) Ltd.
(Chairman)
Piccadilly Mansions (Proprietary) Ltd. (Chairman)
South African Fire & Accident Insurance Co. Ltd.
(Chairman)
The Bank of Nova Scotia
The Bank of Nova Scotia Trust Co. (Bahamas) Ltd.
(Deputy Chairman)
The Bank of Nova Scotia Trust Co. (Cayman) Ltd.
(Deputy Chairman)
The Bank of Nova Scotia Trust Co. of Jamaica Ltd.
(Deputy Chairman)
The Bank of Nova Scotia Trust Co. of the West Indies
Ltd. (Deputy Chairman)
The Bank of Nova Scotia Trust Co. (United Kingdom)
Ltd.
The Barbados Fire Insurance Co. (Chairman)
The Threadneedle Insurance Company Ltd.
(Chairman & Managing Director)
Threadneedle Properties (S.A.) Ltd.
Trent Insurance Co. Ltd. (Chairman)
Triton Centres Ltd.
Triton Shopping Centres Ltd.
Trizec Corporation Ltd.
United Dominions Trust Ltd.
United Racecourses Ltd. (Chairman)
Zambian Eagle Insurance Co. Ltd. (Chairman)

Alan F. B. Taylor,
Toronto, Ontario, Canada
Mr. Taylor is also a Director of the following
Companies:
British Northwestern Insurance Company
Security National Insurance Company

John H. Taylor,
Toronto, Ontario, Canada
Mr. Taylor is also a Director of the following
Companies:
British Northwestern Insurance Company
The Canadian Salt Company Limited
The Essex Terminal Railway Company
Greyhound Lines of Canada Ltd.
Liquifuels Limited (President & Chief Executive
Officer)
Maple Leaf Mills Limited
Morton Terminal Limited
National Trust Company Limited
North American Life Assurance Company
(Vice-President)
Procor Limited
RoyFund Ltd.
Security National Insurance Company
Slough Estates (Canada) Limited
United Dominions Corporation (Canada) Limited
Weaver Coal Company (President & Chief Executive
Officer)
Weaver Oil Limited (Chairman)

James Alexander Thomson,
London, England
Mr. Thomson is also a Director of the following
Companies:
Amber Industrial Holdings Ltd.
Anglo-Swedish Electric Welding Co. Ltd.
Autologic Ltd.
Battle Farm Lands Ltd.
The Beira Boating Co. Ltd.
Beira Boating (Investments) Ltd.
The Beira Engineering Co. Ltd.
Bricomin Investments Ltd.
Britain-South Africa Airways Ltd.
British & Commonwealth (Group Management) Ltd.
The British & Commonwealth Shipping Co. Ltd.
Caledonia Investments Ltd.
The Caledonia Stevedoring Co. Ltd.
Caytrust Finance Co. Ltd.
Cayzer, Irvine & Co. Ltd.
Cayzer, Irvine (Group Finance) Ltd.
Cayzer, Irvine (Investments) Ltd.
Cayzer, Irvine (Property Management) Ltd.
Cayzer, Seear & Co. Ltd.
The Cayzer Trust Co. Ltd.
C.I. Investments Ltd.
C.I. Investments (Overseas) Ltd.
Clan Line Investments Ltd.
The Clan Line Steamers Ltd.
H.P. Cooper Ltd.
John S. Craig & Co. Ltd.
Crewkerne Investments Ltd.
Currig Developments Ltd.
Currig Investments Ltd.
Damic Controls Ltd.
Dock Services Ltd.
The Dunchurch Lodge Stud Co.
The Dunchurch Lodge Stud (Management) Co. Ltd.
Exactor Sterling Ltd.
F.B. Textiles Ltd.

Fishing & Research Ltd.
Haselwell Development Co. Ltd.
Hector Whaling Ltd.
Hector Whaling (Pension Trustees) Ltd.
H. Hoskings Ltd.
Huntley Cook & Co. Ltd.
Huntley & Sparks Ltd.
Huntley & Sparks (Group Management) Ltd.
Huntley & Sparks (Lands) Ltd.
London-American Maritime Trading Co. Ltd.
The Manica Trading Co. Ltd.
Maniford Transport Services Ltd.
May Acoustics Ltd.
Microplas Ltd.
Geoffrey Mowbray Ltd.
North British Hire Purchase Ltd.
Philip Newton Ltd.
Pearson Lands Ltd.
Pearson Spinning Co. Ltd.
Ross Engineers Ltd.
Rotoflo Ltd.
Ross (Plant Hire) Ltd.
St. Mary Axe Finance Co. Ltd.
C. G. Hibbert Holdings Ltd.
Reading Garage Co. Ltd.
Scottan Investments Ltd.
The Scottish Lion Insurance Co. Ltd.
Scottish Lion Insurance (Holdings) Ltd.
Scottish Lion Insurance (Investments) Ltd.
The Scottish Tanker Co. Ltd.
S.C. Plant Ltd.
Sea Lion Investments Ltd.
Sterling Industries Ltd.
Sterling Industries (Group Management) Ltd.
Sterling Instruments Ltd.
Telaflo Ltd.
Travel Savings Ltd.
Union-Castle Investments Ltd.
The Union-Castle Mail Steamship Co. Ltd.
Union-Castle (Sea Tours) Ltd.
United Whalers Ltd.
Universal Dampers Ltd.
Universal Dampers (Lands) Ltd.
Walford Lines Ltd.
Wilson Holidays Ltd.
Hector Whaling (South Africa) Pty. Co.
Huntley Cook (South Africa) Ltd.
Saldaña Whaling Ltd.
South African Marine Corporation Ltd.

Bramalea 1967 in Review

Residential

In the fiscal year ended November 30th, 1967 the Company sold 386 houses under its regular house building programme.

Also, during the year the Company sold 1,666 single and semi-detached lots to the Ontario Housing Corporation on which houses will be built under the Ontario Government's H.O.M.E. programme. This programme is explained more fully in the President's Report. In the 1967 fiscal year, the sale to the Ontario Housing Corporation of 621 of the lots was completed. The sale of the remaining 1,045 lots was completed in January 1968 and will therefore be reflected in the financial statements for the fiscal year ending November 30th, 1968.

During the 1967 fiscal year, the Company sold 70 lots in Bramalea Woods to a builder of larger and higher priced homes. As a result, activity in this area has increased substantially.

Also, during 1967 the Company started construction of 37 Condominium units (Town Houses for Sale). These housing units are being built under the new Condominium Act, passed by the Ontario Government in September 1967. The sale of these units will be reflected in the results of the fiscal year ending November 30th, 1968. Nearly all these units were sold soon after they were put on the market in December 1967.

The Company also started construction of 118 town house units for rent in 1967. 27 of these units are located in Bramalea and the other 91 units are in the north west section of Metropolitan Toronto. Since rentals did not start until late in the 1967 fiscal year, the impact of these additional rental units is insignificant in the 1967 figures.

Industrial

Industrial sales amounted to approximately 26 acres in the 1967 fiscal year on which 171,000 square feet of buildings are under construction. Further details on the Industrial Development Division are shown elsewhere in this report.

Commercial

In November 1967 site work on the Bramalea City Centre was started. In Phase One of this development there will be approximately 500,000 square feet of retail and office space. Construction of the buildings in the first stage of Phase One will start in the spring of 1968 with a completion date in 1969. As has been stated before, it is Management's belief that with control of architectural design and strict adherence to the Master Plan, the City Centre will provide the core of cultural, business and retail facilities around which will be the future City of Bramalea.

During 1967, a lease with a major Canadian retailer, Steinberg's Limited, was signed for a 160,000 square foot department store in the Company's Niagara Peninsula Shopping Centre located in St. Catharines, Ontario. Construction on the store was begun in February 1968, with completion scheduled for the spring of 1969.

A Neighbourhood Shopping Centre of approximately 40,000 square feet is scheduled to start in 1968 to serve the Southgate Village area of Bramalea.

During 1967, the Company acquired a 3.75 acre shopping site just north of Metropolitan Toronto in Thornhill. Construction of a 42,000 square foot shopping centre on this site has begun.

In October 1967, the Company sold the Applewood Village Shopping Centre located on the north side of the Queen Elizabeth Way, just west of Toronto, for \$2,250,000. To complete this sale it was necessary for your Company to lease back, for a period of five years, approximately 20,000 square feet of the total of 168,000 square feet. The Property Management Division of your Company is confident that the 20,000 square feet can be sub-let at a profit by the spring of 1968.

Other Items

The Swansea Development has been redesigned to improve the site planning and, at the same time, 60 apartment units were added to the total number in the development. The new site plan and relevant agreements have proceeded through a chain of Committee hearings in the City of Toronto. As of December 1967, final approval was received from the City and it is anticipated that the development will



be the subject of an Ontario Municipal Board hearing sometime early in 1968. It is interesting to note that, even though the application to the City of Toronto was for a site plan change only, with the complete approval of the City's Planning Staff, and with no application for rezoning as such, the development will still have taken one year from the date of the application to receive approval. Nevertheless, in the light of the acute shortage of zoned apartment lands in the Metropolitan Toronto area, the company has no doubt that the Development will produce profits over and above the costs of carrying the Development for a further period of time. It is anticipated that a start will be made on two apartment buildings in 1968. One of these buildings containing about 250 suites will be built by Southport Developments, an equal partnership of Wimpey Homes Limited and Bramalea Consolidated Developments Limited.

The Company continues to hold a minority interest in the Constellation Hotel, a hotel of 300 rooms located opposite the Toronto International Airport.

As reported last year, the assets, being the buildings and equipment of Camp Muskoka Lodge, in which Bramalea Consolidated Developments Limited has a 51% interest, were sold to Brown Camps Limited and a 7½% mortgage for \$310,000 maturing in 1973 was taken back. The mortgage is payable in monthly instalments and all instalments due to date have been paid.

The Sarnia St Clair Construction Company (a partnership consisting of Bramalea Consolidated Developments Limited, St. Clair Woods Developments Limited and Jayhill Construction Limited), has stopped building houses in the St. Clair Woods area of Sarnia, Ontario, because it was felt that market conditions did not warrant further development at this time. Of the 30 houses built in the project, 10 have been sold and 18 have been rented.

Management decided not to exercise its option on the 500 acres of land in the DeCew Falls area, south of the Niagara Peninsula Shopping Centre in St. Catharines, Ontario. This decision was made after a detailed feasibility and market study of the area had been prepared for the Company.

In November 1967 a subsidiary company, Bramalea General Contracting (Peel) Limited was incorporated. Your Company owns 50% of this company which will be involved in the construction of schools, commercial, industrial and institutional buildings.

In order to facilitate administrative and accounting procedures, Bramalea Construction (Peel) Limited, Bramalea Shopping Centres Limited and Bramalea Consolidated Developments Limited were amalgamated under the name of Bramalea Consolidated Developments Limited. Bramalea Construction (Peel) and Bramalea Shopping Centres are now operating divisions of Bramalea Consolidated Developments Limited.

1967 Bramalea Revenue Producing Properties

Niagara Peninsula Shopping Centre

The major expansion of the above shopping centre located in St. Catharines, Ontario, was completed in May 1966. This addition totalled approximately 430,000 square feet. The major tenant is Simpson-Sears Limited, which occupies a department store, restaurant and automotive service centre totalling 176,000 square feet, leased for a term of 30 years with two ten year renewals. There are approximately 90 other tenants in the Centre and included amongst these are such nationally known retailers as

Agnew-Surpass Shoe Stores Ltd.
Aikenhead Hardware Ltd.
Beneficial Finance Co. of Canada
Henry Birks & Sons (Ont.) Ltd.
Eddie Blacks Ltd.
Brewers' Retail Stores
Bright's Wines Ltd.
Canada Trust Co.
Canadian Imperial Bank of Commerce
Coles Book Stores Ltd.
Coward Clothes Shops Ltd.
Dolcis (Canada) Ltd.
Dominion Stores Ltd.
Evangeline Shops Ltd.
Famous Players Canadian Corp. Ltd.
Firestone Tire & Rubber Co. of Canada Ltd.
Jack Fraser Men's & Boys' Wear Stores
Grand & Toy Ltd.
Heintzman & Co. Ltd.

Household Finance Corp. of Canada
Imperial Oil Ltd.
S. S. Kresge Co. Ltd.
Liquor Control Board of Ont.
Loblaw Groceries Co. Ltd.
Maher Shoes Ltd.
Plaza Drug Stores Ltd.
Provincial Gas Company
Reitman's (Ont.) Ltd.
Laura Secord Candy Shops Ltd.
Shoe Corp. of Canada Ltd.
Singer Company of Canada Ltd.
Sunbeam Corp. (Canada) Ltd.
Tip Top Tailors Ltd.
Toronto-Dominion Bank
United Cigar Stores Ltd.
Walker's
Zeller's Ltd.

The Simpson-Sears store, together with the majority of the new tenants, opened for business in May 1966 and since that time the level of retail sales attained has been well above the expectations of the Company and its tenants. In 1967, because of the increased popularity of the shopping centre a large Vic Tanny Health Club, consisting of approximately 15,000 square feet and a Mr. Donut's store, consisting of approximately 1,500 square feet, were added. These two tenants were open for business in December 1967.

In 1967 a lease with Steinberg's Limited was signed for a department store consisting of approximately 160,000 square feet, which lease is for a 30 year term, with three ten year renewals. This Steinberg store is now under construction and will be open for business in the spring of 1969.

With the addition of the Steinberg store and the two other tenants mentioned previously the Centre will have a total rentable area of 790,000 square feet.





Bramalea Shopping Centre

The Bramalea Shopping Centre, which was built in 1961 and enlarged in 1964, is the first neighbourhood shopping centre in Bramalea and is located on a site of 2.93 acres, with a retail space of 44,000 square feet. There is no vacant space in this centre and the Company does not intend any expansion of the centre in the near future.

Royal Orchard Shopping Centre

This is a proposed new shopping centre which will be located at the corner of Royal Orchard Boulevard and Yonge Street in Thornhill, Ontario, which is approximately 18 miles north from Toronto City Hall. The area of the site is 3.75 acres and the total retail space when completed will be 42,000 square feet. This site was purchased by your Company in 1967 and the shopping centre is presently under construction with completion scheduled for the early summer of 1968. 32,400 square feet is in the preliminary stage of being leased to a large food chain and the balance of the area is under lease negotiation. It is your Company's opinion that the entire 42,000 square feet will be completely leased prior to the completion of the shopping centre.

Southgate Village Shopping Centre

The Company's Property Management Division is at the present time still engaged in the planning of a 40,000 square feet neighbourhood shopping centre to be located in Southgate Village in Bramalea. It is anticipated that the centre will be started sometime in 1968 for completion in late 1968 – early 1969.

Bramalea City Centre

The Bramalea City Centre remains as the main and most imaginative project your Company has undertaken or will undertake in the near future. The total site area is approximately 100 acres. Drawings, conceptual plans and architect designs have been reviewed by your Company's Property Management Division and this year, having obtained the necessary building permission from the Municipality, the Company commenced construction of Stage One of the first Phase of the Centre. The conceptual plan envisages five separate Phases of development, which will be timed to coincide with the estimated population levels of the Bramalea area and surrounding communities.

The total retail space in Phase One will be approximately 500,000 square feet and the first stage will include a Brewers Retail store, Liquor Control Board of Ontario, a large nationally known drug store, barber shops, beauty salons, large nationally known cleaning stores, small department and variety store, banks, a medical/dental centre, restaurants, a major department store of approximately 120,000 square feet, large nationally known supermarket, men's and ladies' wear stores, shoe stores, small boutiques, outdoor skating rink, two major automobile dealerships and automotive centre, professional offices and various other retail and commercial outlets. The balance of the retail space in Phase One will include two retail shopping malls, a second department store, other commercial and offices, recreational and public facilities and should be completed by 1972. Stage One of Phase One contains approximately 250,000 square feet of retail space and of this amount approximately 200,000 square feet is already committed to major tenants. The balance of the area of Stage One, approximately 50,000 square feet, is presently under lease negotiation and your Company feels confident that all stores will be leased before construction is finished.

It is contemplated that your Company will increase the number of small shopping centres which it owns, of the Royal Orchard and Southgate Village type. New locations are under consideration at this time and we feel confident that a minimum of 2-4 such shopping centres will be commenced each year. Your Company does not intend to acquire land for the development of such shopping centres until it has a major tenant interested in leasing at least 50/70% of the total retail space.

Bramalea Town Houses

These town houses are located in the Bramalea area and consist of 11 two bedroom units, 43 three bedroom units and 20 four bedroom units, located on a 5.42 acre site. These units are all leased.

Bramalea Town Houses — North

These town houses are located on 2.11 acres and consist of 23 three bedroom units and 4 four bedroom units. These town houses are presently under construction with completion scheduled for the spring of 1968 and at the present time six of the above units are leased. It is your Company's opinion that the majority of these units will be leased before construction is completed.

York Square North

These town houses are located on 5.1 acres on Jane Street, two blocks north of Finch Avenue, in the Borough of North York. There are 91 units, consisting of 5 two bedroom units, 81 three bedroom units and 5 four bedroom units. These town houses are presently under construction, with completion scheduled for the spring of 1968. At the present time 37 units are leased. The Company believes that by the spring of 1968 all 91 units will be leased.

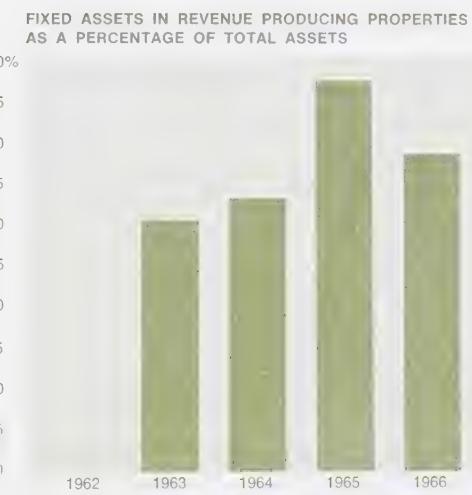
Bramalea Medical/Dental Centre

This is a 3,850 square foot building, built specifically for the purpose of leasing the space to doctors and dentists and is located on a 1.12 acre site in the middle of the Bramalea area. Since the date of its completion, the entire building has been fully leased.

Bramalea Industrial Building

It is your Company's intention to build and lease industrial buildings to various companies who do not wish to buy land and build their own buildings. At the present time there are three such industrial buildings located in the Bramalea area which have been built for Bramalea Consolidated Developments Limited. In two cases these buildings were sold by Bramalea Consolidated Developments Limited and leased back with the intention of sub-letting these buildings to other tenants. Details of these industrial buildings are as follows:

- a) Industrial building of approximately 20,000 square feet situated on 1.985 acres, owned by Bramalea Consolidated Developments Limited and leased to Root Wire Limited for a period of ten years, expiring 28th February 1973, with an option to renew for a further ten years.
- b) Industrial building of approximately 68,500 square feet situated on 5.602 acres owned originally by Bramalea Consolidated Developments Limited and sold to Nordan Realty. It was leased back for a period of twenty-two years and one month by Bramalea Consolidated Developments Limited, such lease expiring on 30th April 1983. This building has been sub-let to various tenants and is at present leased to the Northern Electric Company Limited for one year from 1st December 1967 to 1968. Your Company believes there will be no difficulty in either renewing this lease with Northern Electric Company Limited or sub-letting the building to another industry when the present lease expires.
- c) The Bramalea Industrial Building, which is a building of approximately 33,400 square feet located on a 4.476 acre site, was built in 1960 with the original intention of sub-letting this building to small manufacturers before they moved into their own premises in Bramalea. This building was sold to Samgren Holdings Limited and leased back by Bramalea Consolidated Developments Limited for a term of twenty years from 1st May 1963. At the present time Bramalea Consolidated Developments Limited general offices and workshops are located in this building and occupy a total of 22,000 square feet, out of the total rentable area of 33,400 square feet. The remaining area is leased to various tenants.





Bramalea Industrial Park

Industrial sales for the year totalled 22.4 acres on which 142,000 square feet of building is under construction. Construction of an additional 45,000 square feet of building on these sites is scheduled for 1968. Two parcels of land totalling 3.7 acres sold in previous years were repurchased and sold again at current market prices. Buildings totalling 29,000 square feet are under construction on these sites.

Company	Acres	Square Feet		
		Building Occupied	Under Construction	Construc- tion 1968
Companies which purchased sites in Bramalea in 1965 and 1966 and occupied their buildings in 1967				
Chrysler Airtemp Canada Limited	74,000			
Weil-McLain Canada Ltd.	52,000			
National Chemsearch Corp. Canada Ltd.	25,000			
Cal-Ink Chemical Co. Ltd.	33,000			
Klockner Moeller Canada Ltd.	7,000			
Mitchell Construction Canada Ltd.	20,000			
Imperial International Co. Ltd.	28,000			
Permacon Canada Ltd. (Main tenant Bank of Montreal)	16,000			
The Holophane Co. Ltd.	90,000			
The Glidden Co. Ltd.	56,000			
Bundy Tubing Co. of Canada Ltd. (addition)	22,000			
Swift Canadian Co. Ltd.	30,000			
Addition under construction on land sold in prior years				
Northern Electric Co. Ltd.				84,000
Companies which purchased sites in Bramalea in 1967				
Picker X-Ray Manufacturing Co. Ltd.	6.4	43,000		
Domtar Limited	9.6	99,000		
Wm. H. Rorer Inc.	3.2		25,000	
Lindberg Heavi-Duty Canada Ltd.	3.2		20,000	
Royal Bank of Canada (resale)	1.0	4,000		
T. Campbell Construction Co. Ltd. (resale)	2.7	25,000		
	26.1	453,000	255,000	45,000



**COMPLETE LIST OF
INDUSTRIES
PRESENTLY LOCATED
IN BRAMALEA
INDUSTRIAL PARK**

Allcock, Laight & Westwood Ltd.
Besser Canada Ltd.
Bucyrus Blades of Canada Ltd.
Bundy Tubing Co. of Canada Ltd.
Cal-Ink Chemical of Canada Ltd.
T. Campbell Construction Co. Ltd.
Canada Precision Devices Ltd.
Canadian Velcro Ltd.
Carrier Air-Conditioning (Canada) Ltd.
Carter Carburetor Co. of Canada Ltd.
Chrysler Airtemp Canada Ltd.
Domtar Limited
Ford Motor Company of Canada Ltd.
(National Parts & Accessories Depot)
Fyr-Fyter Co. of Canada Ltd.
The Glidden Company Limited
C.M. Hall Lamp Co. Ltd.
The Holophane Co. Ltd.
Higgin Homeshield Ltd.
Kitchens of Sara Lee (Canada) Ltd.
Klockner Moeller Canada Ltd.
Lindberg Heavi-Duty Canada Ltd.
Thos. J. Lipton Ltd.
Mitchell Construction Canada Ltd.
National Chemsearch Corp. of Canada Ltd.
National Grocers Company Limited
Northern Electric Co. Ltd.
Oakite Products of Canada Ltd.
Peel Terminal Warehouses
Permacon Canada Ltd.
Picker X-Ray Manufacturing Co. Ltd.
Roberts Company Canada Ltd.
Wm. H. Rorer Inc.
Root Wire Ltd.
G.D. Searle Company of Canada Ltd.
Simmons Limited
Somerville Plastics Ltd.
The Swift Canadian Co. Ltd.
Hudson Bay Diecasting Ltd.
Huntington Laboratories Ltd.
Wayne Sweeper Mfg. Canada Ltd.
Weil-McLain Canada Ltd.
Tung-Sol International Corp.
Canadian Division
Imperial International Co. Ltd.
Inland Publishing Co. Ltd.

BRAMALEA INDUSTRIAL PARK 1962



BRAMALEA INDUSTRIAL PARK 1967



Total building square footage occupied, under construction or slated for construction in 1968 — 3,375,000. The Industries located in Bramalea employ approximately 6,500 people.



Bramalea Residential Developments

House construction and sales continued at a satisfactory pace in the Southgate Village area of Bramalea during 1967. Although the number of houses sold decreased from 431 units in 1966 to 386 in 1967, the gross revenue from the sale of houses was the highest in the Company's history.

In mid-1967 the Ontario Government introduced its Home Ownership Made Easy (H.O.M.E.) plan in an attempt to help solve one segment of the housing problem in the Province. This plan is explained more fully in the President's Report. Your Company sold 1,666 building lots to the Ontario Housing Corporation for use under the H.O.M.E. plan. In July 1967, the sale of 621 of these lots to the Ontario Housing Corporation was completed; the sale of the remaining 1,045 lots was completed in January 1968 and will therefore be reflected in the financial statements for the fiscal year ending November 30th, 1968.

The Company has leased back 833 of these lots and this winter has commenced building on 125 of them. Sales under the H.O.M.E. plan are being made at a very satisfactory rate at present and should this continue, sales of houses should surpass 1967's total.

The Company started construction on 37 town house units for sale in Bramalea in the fall of 1967. These units are being built under the Condominium Act passed by the Ontario Government in September 1967 and were almost sold out in two weeks. The sale of these units will be included in the financial statements for the 1968 fiscal year.

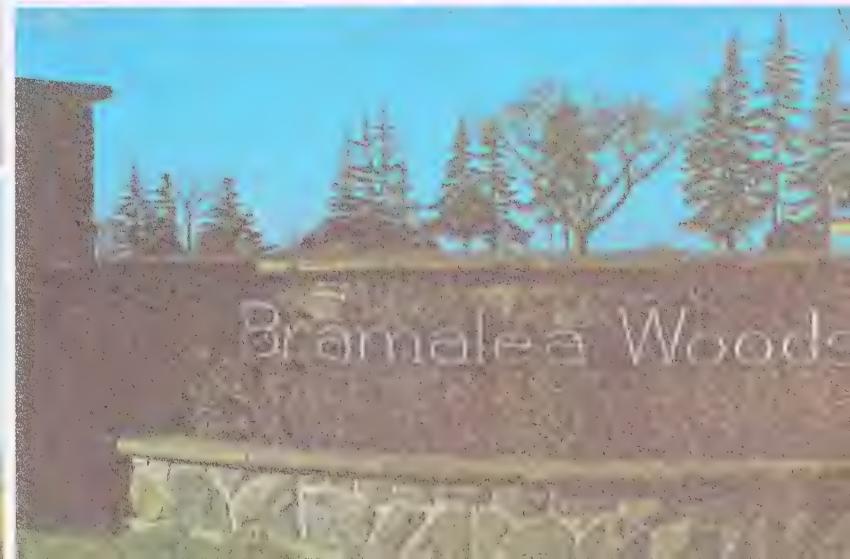
Building activity in the Bramalea Woods has increased substantially since your Company sold 70 lots to a custom builder in the spring of 1967. This area of 104 large lots has underground services, and houses in this development are selling at prices in excess of \$40,000. At present there are 52 houses occupied or under construction in Bramalea Woods.

As this review indicates, your Company is investigating and participating in new programmes designed to help solve the housing problem in the Metropolitan Toronto area. At the same time, the Company is attempting to improve upon its already efficient house building operation.



BRAMALEA POPULATION CHART





Accounting Policies

The accounting policies used by the Company in the preparation of its financial statements are as follows:

House Sales

Revenue from the sale of a house is not recorded until the acceptance of the completed house by the Purchaser. At the same time, the cost which is 95% to 100% actual and from 0% to 5% estimated, is charged to cost of sales. The estimated amounts are adjusted to actual as soon as they are known.

Industrial Land Sales

Revenues from the sale of industrial acreage is recorded on closing and the cost of sale is recorded at the average cost per acre. No profit is recorded on conditional sales.

Land Cost

Land is shown in inventory at its original cost plus carrying charges, i.e. interest on debt and taxes. The cost of land in a particular residential neighbourhood or industrial park is prorated over the saleable acreage in that area. Development costs are averaged over the acreage to which they relate.

Rental Revenue

Revenue from rental properties is recorded as earned. Where percentage rentals are payable by tenants, as is the case in all the Shopping Centres owned by your Company, this percentage rental is recorded when earned.

In 1967 the Company began to record percentage rents on an accrual basis. This improved method of accounting is now possible, because the Shopping Centres have been in operation long enough so that reasonably accurate estimates of percentage rents can now be made.

Where leases contain rental escalation provisions the annual rental recorded as earned is based on the average rental to be earned over the term of the lease.

Depreciation

Depreciation on buildings is recorded at a minimum of 2% on a straight line basis. Depreciation on equipment is recorded at a rate sufficient to write the equipment off over its anticipated life.

In prior years, the minimum rate of depreciation on buildings was 3% on a straight line basis. Also, during 1967, the rate of write-off of certain leasehold improvements was reduced from 20% to 15%.

School Costs

The Company changed its accounting policy and is now writing off the estimated cost of future public elementary schools on a unit basis over the number of residential units that a particular school will serve. The instalment payments of principal and interest on account of outstanding debentures for present public elementary schools, which the Company is responsible for, continue to be expensed as they are made.

* Comparative summary of how each \$100.00 of income was spent for the last four years

	1967	1966	1965	1964
INCOME	\$100.00	\$100.00	\$100.00	\$100.00
EXPENSES				
Cost of land and houses	55.53	61.09	66.20	71.20
Operating expenses of revenue-producing property	11.61	12.50	9.90	8.50
Selling and administrative	9.82	10.80	11.10	11.50
Interest and other financial charges and management fees	4.53	5.70	3.50	2.20
Miscellaneous and other operations	4.76	3.10	3.30	2.00
TOTAL EXPENSES	<u>86.25</u>	<u>93.19</u>	<u>94.00</u>	<u>95.40</u>
NET PROFIT (before income taxes)	13.75	6.81	6.00	4.60
CORPORATION INCOME TAXES	4.55	—	—	—
	9.20	6.81	6.00	4.60
	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>

* After reclassification of certain items in the 1964-5-6 statements.

* The following table illustrates the effect of diversification upon the Company's income and its relationship by percentage:

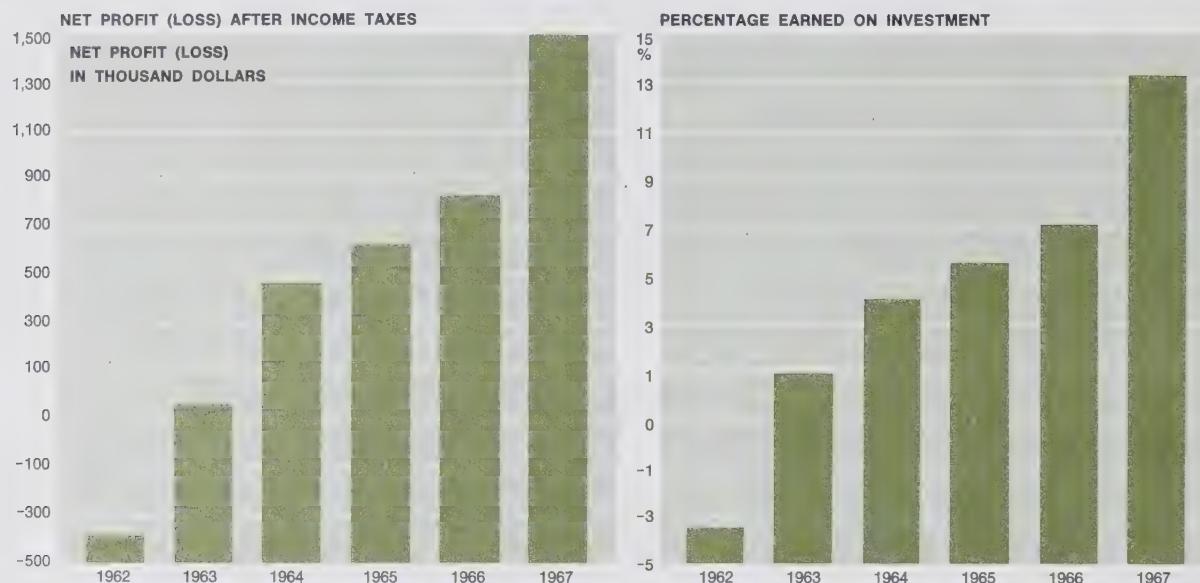
	1967		1966		1965		1964	
	Dollar Amount	% total Income						
Sale of land and houses	\$13,959,206	83.64	\$ 9,315,040	79.63	\$ 8,448,030	83.86	\$ 8,200,471	87.24
Income from revenue-producing properties	2,061,462	12.35	1,568,686	13.41	1,052,404	10.44	844,830	8.99
Profit from sale of revenue-producing properties	40,719	.24	169,127	1.44	—	—	—	—
Interest income	215,406	1.29	160,580	1.37	74,597	.74	75,401	.80
Gain on purchase of debentures	18,467	.11	20,881	.18	20,343	.20	29,425	.31
Miscellaneous and other operations	393,492	2.37	463,946	3.97	478,976	4.76	249,586	2.66
	<u>\$16,688,752</u>	<u>100.00</u>	<u>\$11,698,260</u>	<u>100.00</u>	<u>\$10,074,350</u>	<u>100.00</u>	<u>\$ 9,399,713</u>	<u>100.00</u>

* After reclassification of certain items in the 1964-5-6 statements.

Profit earned as a percentage of capital investment

	1962	1963	1964	1965	1966	1967 *
Net profit (loss)	\$ (445,252)	\$ 12,237	\$ 434,099	\$ 611,018	\$ 795,993	\$ 1,534,921
Percentage earned on investment	(3.94)	.01	3.84	5.40	7.04	13.18

* 1962-1966 based on investment of \$11,309,849
1967 based on investment of \$11,644,855



Earnings per share **

	Net Profit (loss)		Income Taxes		Net Profit (loss) after income taxes	
	Total	Per Share	Total	Per Share	Total	Per Share
1962	\$ (445,252)	\$(.50)	\$---	\$---	\$ (445,252)	\$(.50)
1963	12,237	.01	---	---	12,237	.01
1964	434,099	.49	---	---	434,099	.49
1965	611,018	.68	---	---	611,018	.68
1966	795,993	.89	---	---	795,993	.89
1967	2,294,921	2.40	760,000	.79	1,534,921	1.61

** 1962-1966 based on 894,538 shares
1967 based on 956,544 shares

McDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

INTERNATIONAL FIRM

COOPERS & LYBRAND

TELEPHONE 366-2551

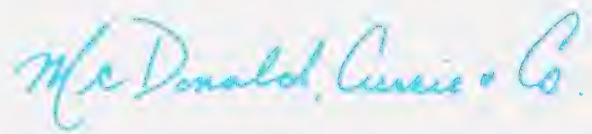
120 ADELAIDE STREET WEST

TORONTO 1, CANADA

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Bramalea Consolidated Developments Limited and subsidiaries as at November 30, 1967 and the consolidated statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1967 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent, except for the changes in accounting for certain expenses described in notes 2 and 11 with which we concur, with that of the preceding year.



FEBRUARY 16, 1968

CHARTERED ACCOUNTANTS

Bramalea Consolidated Developments Limited and Subsidiaries
(Incorporated under the Laws of Ontario)

Consolidated Balance Sheet

as at November 30, 1967

ASSETS

	1967	1966
Cash	\$ 252,267	\$ 421,013
Accounts receivable (note 3)	1,703,839	1,100,432
Houses completed and under construction (including land) — at cost (note 4)	1,322,565	1,769,526
Land and improvements — held for sale (note 5)		
Under development:		
Land (including carrying charges, 1967—\$577,037; 1966—\$650,637)	1,489,861	1,967,531
Development expenses	3,191,738	3,847,035
Undeveloped land (including carrying charges, 1967—\$2,470,598; 1966—\$2,256,607)	9,370,589	8,952,106
Advances to joint venture and partnerships (note 6)	1,303,067	1,408,590
Mortgages and notes receivable (note 7)	6,430,451	4,816,886
Investments without quoted value — at cost (note 7)	12,093	28,374
Revenue-producing properties, other property and equipment — at cost less accumulated depreciation (notes 8 and 9)	15,747,546	16,379,482
Deferred financing costs (note 9)	432,611	591,861
Deferred charges	781,768	903,142
	<hr/> <u>\$42,038,395</u>	<hr/> <u>\$42,185,978</u>

LIABILITIES

	1967	1966
Bank indebtedness (note 10)	\$ 4,856,844	\$ 7,784,400
Accounts payable and accrued liabilities	2,645,821	3,343,860
Provision for future development expenses (note 2)	209,800	—
Provision for income taxes (note 11)	468,000	—
Mortgages on properties held for sale (note 4)	765,890	609,840
Joint venture liabilities (notes 6 and 7)	407,824	480,480
Long-term debt on revenue-producing properties (note 12)	12,834,519	13,409,885
Other long-term debt (note 13)	1,530,145	—
Mortgages on land (note 14)	1,991,856	2,271,054
6½ % Sinking Fund Debentures, due July 1, 1973 (U.S. Dollars 1967—\$3,740,650; 1966—\$3,860,150) (note 15)	3,857,548	3,980,776
Deferred income tax (note 11)	292,000	—
Minority interest (note 1)	35,994	33,456
	<u>29,896,241</u>	<u>31,913,751</u>

SHAREHOLDERS' EQUITY

Capital Stock		
Authorized —		
1,500,000 common shares without par value		
Issued and fully paid (note 16)	11,644,855	11,309,849
Retained Earnings (Deficit)	<u>497,299</u>	<u>(1,037,622)</u>
	<u>12,142,154</u>	<u>10,272,227</u>

Commitments and Contingent Liabilities (note 20)

\$42,038,395 \$42,185,978

Approved on behalf of the Board:

Director

Director

*The accompanying notes are an integral part of this statement
and should be read in conjunction therewith.*

Bramalea Consolidated Developments Limited and Subsidiaries

Consolidated Statement of Earnings and Retained Earnings

for the year ended November 30, 1967

REVENUE

	1967	1966
Sales of land and houses	\$13,959,206	\$ 9,315,040
Income from revenue-producing properties (note 18)	2,061,462	1,568,686
Interest	215,406	160,580
Net gain on sale of revenue-producing properties	40,719	169,127
Gain on purchase of 6½% Sinking Fund Debentures	18,467	20,881
Miscellaneous and other operations (note 18)	393,492	463,946
	<u>16,688,752</u>	<u>11,698,260</u>

EXPENSES

Cost of land and houses sold (note 5)	9,267,207	7,146,435
Operating costs of revenue-producing properties (including interest on long-term debt, 1967—\$770,290; 1966—\$458,029) (note 18)	1,937,787	1,463,963
Selling and administrative	1,638,274	1,178,709
Provision for possible losses on mortgages receivable	—	85,000
Financial		
Interest	604,161	343,747
Amortization of deferred financing costs (note 9)	152,249	39,199
Miscellaneous and other operations (note 18)	794,153	645,214
	<u>14,393,831</u>	<u>10,902,267</u>
	<u>2,294,921</u>	<u>795,993</u>

Provision for Income Taxes (note 11)

Current	468,000	—
Deferred	292,000	—
	<u>760,000</u>	<u>—</u>

Net Earnings for the Year	<u>1,534,921</u>	<u>795,993</u>
Deficit, Beginning of Year	1,037,622	1,833,615
Retained Earnings (Deficit), End of Year	<u>\$ 497,299</u>	<u>\$ (1,037,622)</u>

Depreciation (including depreciation of revenue-producing properties, 1967—\$348,818; 1966—\$475,734)	\$ 441,089	\$ 515,324
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Remuneration paid to the company's directors and senior officers including directors holding salaried employment	\$ 205,000	\$ 198,948
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*The accompanying notes are an integral part of this statement
and should be read in conjunction therewith.*

Consolidated Statement of Source and Use of Funds

for the year ended November 30, 1967

SOURCE OF FUNDS	1967	1966
Net Income	\$ 1,534,921	\$ 795,993
Add: Charges not requiring cash outlay:		
Depreciation and amortization	441,089	515,324
Land usage and related carrying charges and development expenses	3,383,914	1,793,857
Amortization of deferred financing costs	152,249	39,199
Provision for losses:		
Mortgages and notes receivable	99,350	85,000
Deferred Income Tax	292,000	—
Profit on sale of revenue-producing properties and other assets	(152,180)	(131,272)
Profit on purchase of 6½% Sinking Fund Debentures	(18,467)	(20,881)
	5,732,876	3,077,220
Proceeds on sale of revenue-producing properties and other assets	2,534,184	3,020,008
Mortgage proceeds	1,877,327	7,810,000
Receipts on mortgages receivable	1,111,737	396,033
Additional bank loans	—	2,304,900
Issue of common shares	335,006	—
Reduction in investment in joint venture and partnerships	32,867	—
Proceeds on sale of investments	45,000	80,000
Decrease in deferred charges	145,823	—
Miscellaneous	9,539	35,800
Assets and liabilities of Braemar Apartments (St. Catharines) Limited, not consolidated in 1966.	—	524,036
	11,824,359	17,247,997
USE OF FUNDS		
Investment in joint venture and partnerships	—	819,833
Development expenses and carrying charges on land	2,412,666	3,689,287
Additions to revenue-producing properties and other assets	2,267,870	4,121,985
Increase in deferred charges	—	352,493
Land purchases	204,492	10,500
Increase in investments	—	21,546
Investment in mortgages and notes receivable	2,853,379	3,497,535
Purchase of 6½% Sinking Fund Debentures	104,761	853,474
Repayment of bank loans	2,927,556	—
Repayment of mortgages and long-term debt	1,201,746	3,519,410
	11,972,470	16,886,063
Net change in other assets and liabilities	\$ (148,111)	\$ 361,934
REPRESENTED BY		
Increase (decrease) in cash	\$ (168,746)	\$ 356,269
Increase in accounts receivable	603,407	225,505
Increase (decrease) in houses completed and under construction	(446,961)	564,006
Decrease (increase) in accounts payable and accrued liabilities	698,039	(505,147)
Increase in provision for future development expenses	(209,800)	—
Provision for income taxes	(468,000)	—
Increase in mortgages on properties held for sale	(156,050)	(278,699)
	\$ (148,111)	\$ 361,934

Notes to Consolidated Financial Statements

for the year ended November 30, 1967

1. Principles of Consolidation

The consolidated financial statements include the accounts of all companies in which the parent company holds an interest of 50% or more.

Wholly-owned subsidiaries:

Bramalea Farms Limited

Bramalea Hotels Limited

51% owned subsidiary:

Camp Muskoka Lodge Limited

The shareholders' equity attributable to the shares held by others is shown on the balance sheet as "Minority interest".

In accordance with the provisions of The Corporations Act, Ontario, letters patent were issued on September 30, 1967 whereby Bramalea Consolidated Developments Limited, Bramalea Construction (Peel) Limited and Bramalea Shopping Centres Limited were amalgamated as one corporation under the name Bramalea Consolidated Developments Limited.

All inter-company balances have been eliminated on consolidation.

2. Changes in Basis of Accounting

During the year the company made the following changes in its application of accounting principles:

- a) rates of depreciating certain classes of assets were reduced;
- b) income was charged with certain anticipated development expenses relating to current year's sales of land. These expenses were previously recorded only as paid;
- c) income was charged with certain other expenses not previously accrued.

Had the above changes not been made in the current year, expenses would have been approximately \$200,000 less, provision for income taxes \$100,000 more and earnings \$100,000 more than as shown.

In addition the company has changed its policy of accounting for income taxes as explained in note 11.

3. Accounts Receivable

At November 30, 1967, accounts receivable included \$1,012,373 receivable from sales of houses. Generally, this amount represents remaining balances on sales of houses and is receivable from mortgagors.

4. Houses Completed and Under Construction

Houses completed and under construction at November 30, 1967, comprise the following:

	Construction Costs	Lots (at cost)	Total
Houses completed and under construction:			
Under contract of sale	\$ 241,870	\$ 54,135	\$ 296,005
Not under contract of sale	818,944	207,616	1,026,560
	<u>\$1,060,814</u>	<u>\$261,751</u>	<u>\$1,322,565</u>

At November 30, 1967, mortgages of \$765,890 were outstanding on houses completed and under construction. As sales of houses are made, the mortgage obligations will be liquidated.

5. Land and Improvements — Held for Sale

Prior to 1961 the company sold industrial land at a loss of \$310,546, as an inducement for industries to locate in Bramalea. The development costs pertaining to this land were estimated at \$229,410. The total loss on sales and the related estimated development costs (\$539,956) were included in development expenses and are being amortized over sales of industrial land on an acreage basis.

At November 30, 1967, the unamortized balance was \$362,306.

Except for the item explained above "Land and Improvements — Held for Sale" is stated at cost in the accompanying consolidated balance sheet.

It is the company's policy to include as part of the cost of land, carrying charges, such as interest and real estate taxes, which pertain to that land. Carrying charges included as part of the cost of land amounted to \$3,047,635 at November 30, 1967 and are being amortized over sales of both industrial and residential land on an acreage basis.

Development expenses include costs for water and sewage systems, roads, sidewalks, and street lighting systems. Development expenses are allocated to the industrial and/or residential areas which benefit from the expenditure and are being amortized over sales of such land.

6. Joint Venture and Partnerships

Joint Venture:

BBC Swansea

The company has a 70% interest in a joint venture formed to redevelop a portion of the Village of Swansea (now part of the City of Toronto). Under the terms of the joint venture agreement, the company assumed certain joint venture liabilities and may advance funds as required, all at 6% interest. Advances made by the company including liabilities assumed are to be repaid in priority before the income of the joint venture is proportionately distributed to the parties thereto.

The profit from this joint venture will be distributed when the project has been completed. Interest charged to the joint venture has been included in income.

To November 30, 1967, advances and accrued interest charged to the joint venture amounted to \$1,075,932 including liabilities assumed of \$407,824.

Partnerships:

Southport Developments

The company has a 50% interest in a partnership formed to develop property acquired from the BBC Swansea joint venture.

To November 30, 1967, advances and accrued interest charged to the partnership amounted to \$181,364. Interest charged to the partnership has been included in income.

There has been no significant development of the property.

Sarnia St. Clair Construction Company

The company has a 25% interest in a 10 year partnership formed February 1966, to acquire land and construct houses in Sarnia, Ontario.

To November 30, 1967, advances and accrued interest charged to the partnership amounted to \$45,771. Interest charged to the partnership has been included in income.

The company's portion of the partnership loss to November 30, 1967, amounted to \$11,000 and has been charged against income.

7. Mortgages and Notes Receivable

Mortgages and notes receivable include:

(a) Non-interest bearing mortgages and notes in the amount of \$763,500;

- (i) \$401,500 repayable in instalments of \$13,000 per annum to August 1, 1982 with the balance on May 1, 1983;
- (ii) \$332,000 repayable in instalments of \$100,000 semi-annually to May 31, 1969 with the balance on November 30, 1969;
- (iii) \$30,000 repayable in monthly instalments to September 1, 1969.

(b) Mortgages and notes in the amount of \$5,666,951 (net of allowance for possible losses of \$170,000) bearing interest at 4% to 10% and repayable to 1992.

The company has pledged a \$275,600 mortgage as security for joint venture liabilities.

Mortgages and notes receivable previously included in "Investments" in 1966 have been reclassified and are included in "Mortgages and notes receivable".

8. Revenue-Producing Properties, Other Property and Equipment

These assets and related accumulated depreciation comprise:

	1967			1966
	Cost	Accumulated Depreciation	Net	Net
Revenue-producing properties	\$16,340,533	\$1,171,894	\$15,168,639	\$15,876,129
Equipment — other operations	429,833	128,888	300,945	233,484
Property and equipment	507,197	229,235	277,962	269,869
	<u>\$17,277,563</u>	<u>\$1,530,017</u>	<u>\$15,747,546</u>	<u>\$16,379,482</u>

9. Deferred Financing Costs

Deferred financing costs less amortization consists of:

- (i) the unamortized balance of the financing costs relative to the issuance of the 6½ % Sinking Fund Debentures amounting to \$218,861;
- (ii) the unamortized balance of other long-term financing costs amounting to \$213,750.

Other long-term financing costs previously included in "Revenue-producing properties" in 1966 amounting to \$333,800 have been reclassified and are included in "Deferred financing costs".

10. Security for Bank Indebtedness

The company has given an hypothecation, in the form of debentures, amounting to \$8 million on its assets as security for existing and future bank indebtedness.

11. Income Taxes

(a) The current year's income tax provision has been reduced by:

- (i) \$300,000 as the result of loss carry forwards arising from claiming for tax purposes certain costs such as finance and interest charges which were capitalized for accounting purposes. On a cumulative basis, taxes have been reduced by \$360,000 as the result of claiming such expenses incurred during years ended November 30, 1966. This amount is not included in the financial statements.
- (ii) \$120,500 due to claiming depreciation for tax purposes in the current year in excess of amounts recorded in the accounts. At November 30, 1967 the accumulated amount of depreciation claimed for tax purposes in the current and prior years was less than the amount recorded in the accounts. The difference is not significant.

(b) Income taxes payable in respect of the current year have been reduced by claiming for tax purposes in the current year certain costs such as finance and interest charges which are capitalized for accounting purposes. This reduction amounting to \$292,000 is applicable to those future years in which these amounts already claimed for tax purposes will be charged against income and accordingly is included in the balance sheet as "Deferred income taxes". No provision for deferred income taxes was made in prior years.

12. Long-Term Debt on Revenue-Producing Properties

This amount comprises:

Mortgages payable	\$10,657,870
Payments on a shopping centre	2,176,649
	<u>\$12,834,519</u>

Mortgages payable:

These mortgages bear interest at an average rate of 7%. Principal payments due in the next five fiscal years are as follows:

1968	\$1,276,915
1969	242,823
1970	228,142
1971	260,421
1972	230,161

Payments on a shopping centre:

Under the terms of the purchase agreement, the company did not assume the first mortgages on a shopping centre at the time of purchase, but rather agreed to make the following payments to the vendor, such payments to equal the principal and interest due under the mortgage obligations of the vendor:

- (a) \$150,000 on the 2nd day of January 1971 and \$100,000 on the 2nd day of January 1972;
- (b) \$254,774 on the 31st day of October 1968; \$400,844 on the 31st day of October 1969; \$304,474 on the 31st day of October 1970; \$966,557 on the 31st day of October 1971.

The company received a direction from the vendor to make the actual payments due under the mortgage obligations direct to the mortgagors, such payments being credits against the payments outlined above.

A wholly-owned subsidiary purchased the first mortgages on the shopping centre and postponed its claim under these mortgages. These mortgages, which are receivable from a third party, are included in "Mortgages and notes receivable". In conjunction with the purchase of the mortgages and the postponement of claim, the parent company placed a new first mortgage on the property.

13. Other Long-Term Debt

Mortgages payable — at an average rate of 7%	\$ 994,645
Non-interest bearing mortgages payable	360,500
Non-interest bearing notes payable	<u>175,000</u>
	<u>\$1,530,145</u>

Principal payments due in the next five fiscal years in respect of these mortgages and notes payable are as follows:

1968	\$242,446
1969	90,084
1970	97,910
1971	80,436
1972	240,174

14. Mortgages on Land

These mortgages bear interest at an average rate of 6%. Principal payments due in the next five fiscal years are as follows:

1968	\$ 99,099
1969	205,695
1970	100,709
1971	115,082
1972	159,256

15. 6½% Sinking Fund Debentures

In a Supplemental Trust Indenture, dated April 10, 1967, the holders of 6½% Sinking Fund Debentures approved the following changes in the Trust Indenture, relative to those debentures, in accordance with the provisions of the Trust Indenture whereby the holders of not less than 66⅔ % in aggregate principal amount of the

outstanding Debentures may in writing approve and consent to changes in the terms of the Trust indenture:

- (i) The company may now give prior security on all its assets up to a maximum aggregate principal amount of \$8 million outstanding at any time to a bank or banks to secure any current loans of the company;
- (ii) The Debentures are subject to redemption, at the principal amount thereof plus accrued interest through the operation of the Mandatory Sinking Fund on July 1 each year to 1973. The Mandatory Sinking Fund requirement that the company pay to the American Trustee on or before June 25 in each year to 1973, the sum of \$600,000 (U.S. funds) has been waived in any calendar year commencing 1967 if on April 30 in that calendar year the company's bank indebtedness exceeds \$1 million;
- (iii) The Contingent Sinking Fund requirement, that the company pay to the American Trustee on or before June 25 in each year to 1972 an amount equal to 50% of the Consolidated Net Income (as defined in the Indenture) in excess of \$1,200,000 (Canadian funds) for the fiscal year immediately preceding such June 25, has been eliminated.

The company may credit against any Sinking Fund Payment, Debentures purchased for cancellation or optionally redeemed by it. Monies paid into the Sinking Fund are required to be applied to the redemption of Debentures on the ensuing July 1.

At November 30, 1967, the company held \$473,682 (U.S. \$459,350) principal amount of its Debentures which has been reflected on the consolidated balance sheet as a reduction of the Debenture liability.

16. Capital Stock

The company's outstanding share capital consisted of 956,544 (1966 — 894,538) issued and fully paid common shares at November 30, 1967.

During the year 62,006 common shares of the company (including shares under option) were issued for cash.

Stock Options:

During the year the following stock options granted to certain officers of the company were exercised:

- (i) 52,000 shares at \$5 per share;
- (ii) 10,000 shares at \$7.50 per share.

There were no outstanding options at November 30, 1967.

Warrants:

There are 240,000 warrants outstanding entitling the bearer to purchase at any time to July 1, 1973 common shares of the company. The number and cost of the shares are to be determined in accordance with the Warrant Agreement dated July 1, 1961.

At November 30, 1967 the exercise price was \$9.12 (U.S. funds) and 280,000 shares of the company's common stock were reserved.

17. Dividend Restrictions

The Indenture under which the Debentures were issued provides that, so long as any Debentures are outstanding, neither the Company nor any subsidiary will make any distribution (defined to include dividends, purchases, redemptions and reductions in respect of stock of the company and payments of tax on undistributed income under the Canadian Income Tax Act) unless after giving effect thereto, 50% of Consolidated Net Income (as defined) for the fiscal year immediately preceding the making of such distribution in excess of \$1,200,000 is greater than the aggregate amount of distributions made during the fiscal year in which such distribution is made.

18. Revenue

1966 revenue and costs from other operations included in income and related operating costs of revenue-producing properties have been reclassified and are included in "Miscellaneous and other operations."

19. Pension Plan

A contributory funded pension plan is provided for most employees. Benefits are based on 2% of earnings for each year of membership in the plan. A contribution of \$19,401 was required of the company during 1967 to meet the funding requirements of the plan.

20. Commitments and Contingent Liabilities

(a) Under the terms of a sale agreement with Ontario Housing Corporation, the company exercised its option to lease 50% of the 621 building lots sold and is obligated to make a payment of \$13,186 on the 1st day of each month for the period September 1, 1967 to August 1, 2017 inclusive. The company intends to build residential houses on the leased lots. Lease obligations will be assumed by purchasers as these houses are sold.

The company has agreed to begin home construction on each of the leased lots within six months of the date of the lease and to complete construction within eighteen months. The homes are to be built in accordance with the minimum standards required by the National Housing Act and may not be sold at a price in excess of \$15,000.

(b) Under the terms of agreements with the Township of Chinguacousy, the company has assumed the Township's portion of costs for certain debenture obligations relating to extensions to sewage treatment facilities, a sanitary forcemain and schools. The maximum annual payments required will be \$121,300 from 1968 to 1970; \$120,000 from 1971 to 1986 and lesser amounts payable to 1997. Payments will be charged to operating expenses as incurred.

(c) At November 30, 1967, the company was obligated under long-term leases to pay an aggregate minimum annual rental of approximately \$140,000. The company has no obligations under these leases beyond the year 1983.

(d) The company has commitments aggregating approximately \$992,000 for land improvements, based on architects' and consulting engineers' estimated completion costs on contracts let.

(e) The company has guaranteed certain obligations of Renforth Developments Limited and related companies amounting to \$595,000 at November 30, 1967.

The two principal shareholders of Renforth Developments Limited are required to repay to the company any amounts paid under the guarantees. If payment is required of the company under the guarantees amounting to \$535,000, a portion of the outstanding shares of Renforth Developments Limited, not presently held by the company, sufficient to provide voting control, is to be delivered to the company, unless the repayments mentioned above are made within 60 days of notice by the company. These latter shares are held in escrow.

21. Subsequent Events

Effective December 28, 1967, the company completed a sale and lease agreement whereby the company sold 1,045 building lots to Ontario Housing Corporation for \$6.7 million and received an option to lease-back 50% of the lots sold.

22.

The comparative figures for 1966 have been adjusted to take into account the reclassification of Assets and Liabilities which have been made during the current fiscal year.

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